

FISCAL NOTE

HB 2333 - SB 2502

February 5, 1998

SUMMARY OF BILL: Reduces the Hall Income Tax rate by 20% each year, beginning in FY98-99, until it is eliminated effective July 1, 2003. The current rate is 6% on interest and dividend income. The collections are apportioned 5/8ths to the state general fund and 3/8ths to local governments.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$65,200 FY98-99
\$17,000 FY99-00 and thereafter

Decrease State Revenues - \$17,250,000 First Year
Decrease Local Govt. Revenues - \$10,350,000 First Year

Estimate is based on projected Hall Income Tax collections for FY98-99 of \$138,000,000. Estimate also assumes that the first reduction in such rate would take effect January 1, 1999.

The first year total decrease would be \$27,600,000, of which \$17,250,000 would be the decrease to the state and \$10,350,000 would be the decrease to local governments. In the second year, the decrease would be *an additional* \$27,600,000 for a total of \$55,200,000, of which \$34,500,000 would be the decrease to the state and \$20,700,000 would be the decrease in local revenues. In FY 2003-2004, the final year of implementation, the total decrease in revenue will be \$138,000,000, of which \$86,250,000 would be the decrease to the state and \$51,750,000 would be the decrease to local governments.

This estimate assumes, for illustrative purposes, no growth in the Hall Income Tax.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first name "James" being the most prominent.

James A. Davenport, Executive Director